WEEKLY ECONOMIC REVIEW

January 5, 2007

Between December 2005 and December 2006, employment in Alberta increased by 108,500, or 6.0 per cent, surging ahead of all the provinces.

Average employment in 2006 was 4.8 per cent above average employment in 2005 - the strongest growth in 26 years. The average unemployment rate was 3.4 per cent in 2006 - the lowest rate in 30 years. The tight labour market placed pressure on hourly wages, which increased by 6.9 per cent in 2006, more than double the Canadian increase of 3.3 per cent.

Canada's employment increased by 1.9 per cent in 2006. Strong growth in Alberta accounted for one-third of the gain. Canada's unemployment rate averaged 6.3 per cent in 2006 – the lowest in 30 years.

U.S. employment was stronger than expected, increasing by 167,000 in December. The average hourly earnings increased by 4.2 per cent in December from a year ago, the fastest pace in over six years. The large wage increase reduces any hopes of a near-term interest rate cut, despite a slowing of the manufacturing sector.

The US manufacturing index rebounded from 49.5 (a reading below 50 indicates a contraction) in November to 51.4 in December, above market expectations. However, non-manufacturing fell from 58.9 in November to 57.1 in December.

Cdn Dollar (C¢/US$)		
Jan	5, 2006	85.1¢
Dec	29, 2006	85.8¢
2006-07 YTD		88.7¢
WTI Oil US$/bbl		
Jan	4, 2006	$56.90
Dec	29, 2006	$61.05
2006-07 YTD		$67.27
Nymex Natural Gas C$/mcf*		
December Contract		
Jan	5, 2006	$6.17
Dec	29, 2006	$6.30

*Estimate based on Nymex Futures Market Price

The average number of rigs drilling in Alberta in 2006 declined by 2.6 per cent from 2005. Much of the decrease came in the last quarter of 2006, declining by 27.6 per cent over the last quarter of 2005.

Warmer winter weather and rising inventories put pressures on energy prices this week. Oil prices decreased by $4.15 per barrel during the week.

As a result of low commodity prices and a strong U.S. dollar, the Canadian dollar fell to a 13 month low against the U.S. dollar on Thursday.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Employment (thousands)	**December**			
Alberta	1,908	-0.2%	6.0%	4.8%
Canada	16,640	0.4%	2.1%	1.9%
United States	136,214	0.1%	1.4%	1.4%
Raw Materials Price Index (1997=100)	**November**			
Canada	157.1	0.9%	4.6%	11.2%
Industrial Product Price Index (1997=100)	**November**			
Canada	113.5	0.0%	1.9%	2.2%
Rigs Drilling	**December**			
Alberta	380	11.6%	-27.5%	-2.6%

Source: Statistics Canada

[1]Year-to-date 2006 compared to the same time period in 2005. For example: January-November 2006 versus January-November 2005